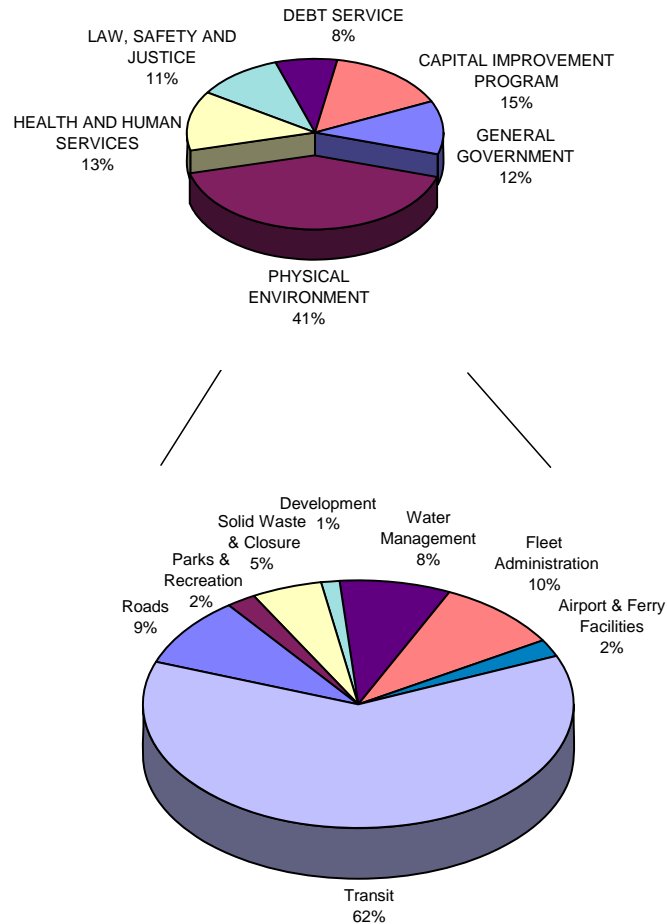

Physical Environment

Physical Environment \$2 Billion



Organization of the Pie Chart: The following agencies were combined to make the pie chart more readable.

Roads: Roads and Stormwater Decant

Parks & Recreation: Parks & Recreation, Youth Sports Facilities Grants, Expansion Levy

Solid Waste & Closure: DNR Admin., Solid Waste, Post-Closure Landfill Maintenance, DNR GIS Management.

Development: Development & Environmental Services and Tiger Mountain Lawsuit

Water Management: Intercounty River Improvement, River Improvement, Water & Land Resources (SWM), Wastewater Treatment, Noxious Weeds, Rural Drainage, and Flood Control Zone.

Fleet Administration: Motor Pool Equip Rental, Equipment Repair & Replacement, Transit Non-Revenue Vehicles, and Water Pollution Control Equipment.

Airport & Ferry Facilities: Airport and Marine Services

Transit: Transit and DOT Administration

Includes 2008/2009 Biennial Budget for Transit, DOT Administration and Transit Non-Revenue Vehicles.

Due to rounding, figures may not add to 100%.

Source: Program Plan Summary Page (Found at the end of the section).

PROGRAM EXPLANATIONS

INTRODUCTION

The King County Physical Environment departments support services related to building and land use permitting; community and regional parks; various recreational programs; solid waste disposal; surface water management; wastewater treatment; road and bridge maintenance and improvement in the unincorporated area; and transit operations. These services are delivered by three county departments:

- Department of Development and Environmental Services (DDES),
- Department of Natural Resources and Parks (DNRP), and
- Department of Transportation (DOT).

These departments are supported by dedicated funding sources and provide services that enhance the quality of life and economic vitality of the Puget Sound region.

The Department of Development and Environmental Services (DDES) is responsible for regulating and permitting all building and land use activity in unincorporated King County. DDES is primarily an enterprise fund, with a permit review/inspection program that supports itself with fees charged to permit applicants. In addition, DDES has two programs supported primarily by the General Fund - Code Enforcement and the Rural Services Program.

The Department of Natural Resources and Parks (DNRP) serves as the steward of the region's environment. DNRP protects the region's water and land and natural habitats by ensuring the safe disposal of and reuse of wastewater and solid waste, and providing natural areas, parks, regional trails and recreation programs. It provides these services through six divisions: DNRP Administration, Geographic Information Systems (GIS) Center, Wastewater Treatment Division, Water and Land Resources Division, Solid Waste Division, and the Parks and Recreation Division.

The Department of Transportation (DOT) is comprised of several divisions that provide services related to public transportation, community outreach on transportation issues, road construction and maintenance, regional aviation, passenger ferry service, and fleet management. The 2010 / 2011 Executive Proposed Biennial Budget for DOT divisions highlights King County's commitment to providing efficient and effective services to the community through sound financial management practices.

Funding Challenges

The dramatic downturn and volatility in the economy has resulted in reduced revenues for most of these county departments. In addition, an accelerated rise in expenditures driven by increased energy costs, inflation, and increasing regulatory requirements has further stressed many county funds. In many cases, these funds face structural funding issues where revenues are restricted from growing at the same pace as inflationary cost drivers. Finally, while the annexations of unincorporated regions of the county reduce

the cost of services provided to these regions, departments are often not able to reduce expenditures proportionately with the reduction in property tax revenues. These budget realities have precipitated very difficult challenges and choices concerning those services provided by physical environment departments. Divisions within DDES, DNRP, and DOT went through a rigorous process to evaluate and identify cost reduction efficiencies and to develop business plans that prioritize support for the continuation of critical services to the Puget Sound region utilizing available resources. In some cases new revenue sources and fee increases will be required. Specific details concerning the financial challenges these individual funds are facing and the actions divisions are taking to manage these challenges are discussed later in the Physical Environment section.

PHYSICAL ENVIRONMENT PROGRAM POLICY HIGHLIGHTS

Transit 9-Point Plan

The fiscal condition of the King County Transit Division has been severely and negatively impacted by recent economic conditions. Transit operations are funded primarily through sales tax revenues, which provided approximately 65 percent of operating revenues in 2008. Projected operating fund sales tax revenues for 2010 are approximately 12 percent less than 2008 actual values. Sales tax revenues for the operating fund are not expected to return to 2008 levels until at least 2013. In addition, fare revenues are also less than previously projected due to increased unemployment and decreased ridership. While sales tax and fare revenues have declined substantially, operating expenditures continue to increase, driven by inflationary pressures and service commitments.

The combination of reduced revenues and higher costs has resulted in a \$213 million deficit for Transit operations over the 2010 / 2011 biennium - approximately \$500 million over the next four years - necessitating cost cutting measures to balance the budget. The King County Executive is proposing a 9-point plan to address the Transit Division's revenue shortfall. The budget presented in this document is consistent with the elements of that plan including: deferred bus service expansion; cuts to the capital program; non-service related cuts; new property tax revenue; tapping operating reserves; increasing fares; using fleet replacement reserves; implementing operating efficiencies; and reducing baseline bus service.

Action 1 – Deferred bus service expansion. The revenue gap assumes growth in bus service, primarily associated with the implementation of Transit Now. Partially delaying that expansion closes the gap. This action entails scaling back planned growth, with the exception of the voter approved RapidRide program and already-approved Service Partnership agreements. Service partnerships leverage funding from other agencies. Together these strategies save \$36 million over the next four years.

Action 2 – Substantially cutting the capital program. By reprioritizing the Metro Transit capital program toward purchasing fewer buses (in light of less service growth), \$83 million will be saved over the next four years.

Action 3 – Non-service related cuts. The Executive Proposed Budget reduces programs not associated with “basic service” by roughly 10 percent. These changes include reorganizations and efficiencies; fewer new transit police; reductions in printed materials; reductions in customer service and park and ride landscaping; and decreased cleaning cycles for buses. These changes will save \$27 million over the next four years.

Action 4 – Raising new revenue by strategically increasing and realigning property taxes. The 2010 / 2011 Executive Proposed Biennial Budget seeks a 5.5 cent increase in property taxes for bus service. Councilmanic authority to raise property taxes by 7.5 cents was approved by the State Legislature in 2009. The 2010 / 2011 Executive Proposed Biennial Budget only includes 5.5 cents of this authority. By law, the first cent of the new property tax must be dedicated to expand bus service across SR 520 while the remaining increase can be used for general transit services. Under the executive plan, the remaining 4.5 cents of the property tax will be dedicated to support the planned RapidRide service expansion. The 5.5 cent property tax increase will raise \$58 million for transit over four years.

Recognizing that the downturn in the economy is putting a strain on the finances of King County residents, the executive proposed property tax increase for transit is entirely offset by reducing the property tax rate of two other property tax levies: Automated Fingerprint Identification System (AFIS) (one cent reduction) and the Ferry District (4.5 cent reduction).

Action 5 – Utilizing operating reserves to help stabilize service levels. During this financial emergency, the 30-day operating reserve of \$50 million will be reduced to roughly two weeks of operating reserves, freeing up \$40 million over the next four years.

Action 6 – Increasing fares by 25 cents in 2011. This increase is in addition to an already planned 25-cent fare increase in February 2010 and recent increases in 2008 and 2009, bringing standard peak time fares to \$2.50. The fare increase will expand the portion of total Transit expenses covered by fares to 28 percent. This will result in \$35 million more in net revenue over four years.

Action 7 – Using fleet replacement reserves. To help stabilize the revenue base and significantly help with the deficit during this crisis, Transit will utilize its one-time excess fleet replacement reserves recently identified by the county auditor. Dedicating these revenues to operating expenses will alleviate \$100 million of the \$500 million projected four-year deficit while helping to maintain existing service levels.

Action 8 – Implementing operating efficiencies from the forthcoming transit performance audit recommendations. The recently completed Transit Performance Audit included potential efficiencies in areas such as scheduling, Access service, vehicle maintenance, the Ride Free Area, financial planning, and use of data analysis to support decision-making throughout Transit. Transit will be analyzing these opportunities.

Determining the precise level of actual savings will require some investment to analyze and implement these efficiencies; this will likely be a multi-year effort.

Action 9 – Reducing bus service. In order to address a remaining deficit of about \$30 million over the biennium and \$90 million over the next four years, Transit will shrink annual service hours by 310,000 over the next two years or roughly 9 percent of the overall bus system. These hours will be distributed across all bus lines and all regions. This service reduction is a temporary measure; service will be restored when revenues return to current levels.

Marine Division – 1 Cent Proposal

The Marine Division, under contract with the King County Ferry District, provides passenger-only ferry service in King County. Marine transit provides transportation alternatives to the residents of King County, reduces vehicle use on local roads, is an effective and vital mitigation to major highway construction-caused congestion and contributes to the county's emergency preparedness stance. Currently, the Marine Division operates two passenger-only ferry routes, including the West Seattle-Downtown Seattle route and the Vashon-Downtown Seattle route.

The primary funding sources for the passenger ferry service are the King County Ferry District property tax levy and farebox revenues. Currently, the Ferry District assesses a levy of 5.5 cents per \$1,000 assessed value, which supports the existing passenger-only ferry routes plus plans to implement five demonstration routes and possible expanded service. Recognizing the weak economy is straining the personal finances of King County residents and the financial position of many King County funds, the executive has examined all property tax assessments and is proposing to strategically realign those assessments to match service delivery priorities. In order to neutralize the impact of the Transit 5.5 cent property tax increase on homeowners, the 2010 / 2011 Executive Proposed Biennial Budget lowers the Ferry District property tax levy by 4.5 cents and the AFIS levy by 1 cent.

This plan leaves the Marine Division with sufficient revenue to support bringing in-house operations of the two existing passenger-only ferry routes, including the West Seattle-Downtown Seattle and the Vashon-Downtown Seattle routes. The division would no longer fully support the analysis and study or implementation of demonstration routes, originally stated in the Marine Division business plan. The one-cent Ferry District levy assumption does not sustainably fund the Marine Division's efforts to provide current levels of service. The one-cent levy assumption creates a deficit in the Marine Division budget beginning in 2014, assuming the continuation of in-house operations of the two existing routes.

Road Services Division Operational Master Plan (ROMP)

The King County Road Services Division (RSD) designs, builds, operates, and maintains roads and bridges in unincorporated King County. RSD is funded primarily through the road levy property tax and a portion of the state-wide gas tax. In recent years, the division has developed a significant, structural funding gap in that revenue growth from the road levy does not keep pace with rising operating costs. The road levy property tax is limited to one percent growth each year plus new construction. Due to the economic climate, new construction is down. Meanwhile, commodity costs such as steel and asphalt for construction projects have risen faster than the Consumer Price Index over the years. Severe winter storms in the last few years have required increased expenditures for emergency response and repair work. Road Services has also identified significant expenditure demands to maintain its aging bridges and road infrastructure.

For a number of years, RSD needed to resort to one-time property sales to sustain funding levels in the capital improvement program (CIP) and balance their financial plan. Reliance on these transactions is problematic, especially in these depressed economic times. The Road Fund has ended several years with a negative fund balance partially due to delayed property sales: -\$1 million in 2006, -\$9 million in 2007, and -\$17 million in 2008. The 2010 / 2011 Executive Proposed Biennial Budget takes the steps necessary to reverse these trends and maintain target fund balances by shifting the majority of property sale revenue assumptions out to 2012 and reducing the CIP. RSD identified project efficiencies and deferrals in order to reduce the transfer of operating funds to CIP in 2009 by \$19 million. The division has also found approximately \$2 million in operating underexpenditures due to vacancies and the deferral of a building expansion for the stormwater decant program in order balance their 2009 financial plan.

While the division's main revenue sources are not sufficient to maintain current operations and service levels, RSD has identified a growing backlog of infrastructure preservation needs. Winter storms have grown in frequency and severity resulting in an increased amount of expenditures on emergency response and storm repair costs over the years. Storms over the last three years have cost RSD approximately \$27 million, of which only \$15 million will be reimbursed by the federal government. This creates additional strain on the Road Fund. In addition to the growing backlog of maintenance projects, the amount that RSD transfers to the General Fund for traffic enforcement has increased significantly over the years from \$389,205 in 2001 to \$5.7 million in 2009. Both the storm work and the transfer to the Sheriff's Office decrease RSD's ability to address a growing backlog of deferred maintenance on its aging infrastructure. Because deferred maintenance over time results in more costly major maintenance in future years, the funding gap makes it difficult to pursue optimal lifecycle management strategies for county roads.

In response to a 2008 Adopted Budget proviso, staff representatives from RSD, OMB, King County Office of Strategic Planning and Performance Management, King County Council, and Facilities Management Division worked together on the Road Services

Division Operational Master Plan (ROMP) to develop a policy framework on how RSD will operate now and in the future.

Preliminary findings from Phase I of the ROMP have informed the 2010 / 2011 Executive Proposed Biennial Budget. Seeing little likelihood of additional revenues in the short term, the ROMP Advisory Committee worked to prioritize activities within RSD's current revenue projections. The ROMP assumes all urban unincorporated areas are annexed or incorporated in the near term; the long term responsibility of RSD will be the remaining rural areas. After analyzing several operational models, the Advisory Committee found that neither mobility nor capacity can be adequately advanced without functioning road assets. The committee has also discovered that safety and legal mandates are a foundation of all RSD projects and programs. Therefore, the ROMP Advisory Committee recommends RSD prioritize preserving roadway infrastructure the country expects to retain over the long-term.

Once the county council approves the Phase I document and Phase II work plan in Proposed Motion 2009-0514, the Advisory Committee will commence Phase II of the ROMP. The 2010/2011 Executive Proposed Biennial Budget does not include additional budget for completion of the ROMP with the understanding that the division will use existing staff to complete the ROMP without consultant assistance.

Reduction in General Fund Support for Physical Environment Programs

The financial challenges that the General Fund is facing will impact the support from the General Fund that is available for Physical Environment programs including Urban Growth Area (UGA) parks and rural programs.

The 2010 Executive Proposed Budget eliminates General Fund support for 39 parks in urban unincorporated areas. Mothballing these parks will save over \$2 million annually that when combined with the release of the reserve for 2011 expenses, contributes \$4.6 million towards addressing a \$56.4 million General Fund deficit in 2010. All the parks proposed for mothballing are in potential annexation areas of cities and primarily used by local residents but maintained with countywide General Fund tax dollars. The executive is seeking options to transfer as many of these parks as possible to local jurisdictions and other entities. For example, the 2010 Executive Proposed Budget assumes that six of the 39 UGA parks will be transferred to the City of Burien when the annexation of the southern portion of North Highline becomes effective on March 2, 2010. To facilitate this transfer, the 2010 proposed budget includes modest funding to maintain these parks for the first two months of 2010. The remaining 33 parks will be mothballed effective January 1, 2010. Parks funded through the Parks Operating Levy will continue to be maintained by the county. There are also significant financial pressures on the Parks Levy, making it difficult to provide promised maintenance levels for Parks over the life of the levy.

The 2010 Executive Proposed Budget also reduces the General Fund support for rural programs provided by the Water and Land Resources Division (WLRD). The General Fund transfer will be reduced from \$308,563 to \$269,947 in 2010. The remaining General fund transfer will be directed to the Washington State University (WSU) Extension program for the 4-H program and the Current Use Taxation program. Due to the reduction of General Fund resources, the 2010 Executive Proposed Budget reduces WLRD resources that support the Agriculture Commission and agriculture marketing, as well as resources in the Basin Stewardship program that supports the Farmland Preservation program. Also proposed for elimination is funding for forestry classes provided by WSU Extension and eliminating the Puget Sound Fresh contract.

Planning for Preparation and Recovery for Potential Green River Flooding Event

Early in 2009, the United States Army Corps of Engineers (USACE) discovered damage to the right abutment of the Howard Hanson Dam, which controls the release of flood waters into the Green River. To avoid the possibility of a complete failure of the dam, the USACE will restrict the amount of water retained by the dam and increase the release of water into the Green River, particularly during periods of heavy rain. This approach has the potential to cause severe flooding in the Green River Valley.

While the 2010 Executive Proposed Budget does not include any funding in Physical Environment operating budgets for potential Green River flood planning, those efforts are well underway for 2009.

Facilities of particular concern for the Physical Environment departments are the Wastewater South Treatment Plant and the Black River Building (that houses DDES operations), which are located in the flood plain. Planning in the summer and fall of 2009 has focused on measures that can be taken to protect the facilities in the event of a flood, as well as how operations can continue as required if a flood warning is issued and personnel are relocated for the period of flood recovery. Of particular note are the impacts to wastewater treatment operations, which will need to be prepared to operate without interruption despite likely power outages that would follow a flood event.

The Flood Control District Capital Improvement Program (CIP) is prioritizing levee repair work to mitigate the impacts of a potential Green River flooding event. Wastewater Treatment Division is planning for how high levels of storm water and flood waters will impact their processing efforts. Road Services Division is planning for the impact that flood waters will have on county roads and preparing to mitigate those impacts. Transit Division is planning for potential rerouting of Transit corridors and support of any evacuation efforts that may be necessary.

These efforts will continue until the USACE is able to repair the Howard Hanson Dam, which may take as long as five years. The financial impact of a flood event, if one occurs in 2010, will be addressed in a separate supplemental appropriation request.

Biennial Budgeting

Since 1985, cities in the State of Washington have had the legal authority to adopt biennial budgets and in 1997, the legislature gave counties the authority to adopt ordinances providing for biennial budgets with a mid-biennium review and modification for the second year of the biennium (RCW 36.40.250). At the November 2003 general election, the voters of King County approved Proposition 1, amending Article 4 of King County Charter, authorizing the Council to adopt an ordinance establishing biennial budgeting. Ordinance 15545 authorizes biennial budgeting and Motion 12465 identifies Transit as the agency selected for a pilot study for the 2008 / 2009 biennium. Motion 12941 extends the biennial process to all of the Department of Transportation (DOT) for the 2010 / 2011 biennium. Benefits of biennial budgeting can include better long range and strategic planning, opportunities to reduce budgeting staff time, and a greater emphasis on policy. The budgets being proposed for DOT divisions will be for the two year period of 2010 / 2011. Due to the economic volatility the nation and county are currently experiencing and the challenges facing many DOT funds, a substantial mid-biennium update is anticipated next year.

Annexation

On August 18, 2009, the residents of the southern portion of North Highline voted to annex to the City of Burien. The annexation is expected to be effective March 2, 2010. Because responsibility for providing local services to the approximately 14,350 residents of the area will shift to Burien, King County will experience savings across multiple agencies. In the Physical Environment Section, DDES, Water and Land Resources Division, and the Road Services Division are impacted by this annexation. Details regarding cost savings are included later in the departmental program descriptions.

Information Technology (IT) Reorganization

King County lacks coordinated organization structures to support countywide IT functions and technologies, suffers from a proliferation of servers, and has little IT performance management information. The IT Reorganization program, started in 2007, was established to address these problems. The IT Reorg Program will implement a new organizational structure for King County IT that will enable improved IT services and more efficient IT operations. In the physical environment section, IT resources from within divisions in DNRP and DOT will be centralizing into central IT groups in DNRP Administration and the DOT Director's Office, respectively. The first phase of IT Reorg focused on executive agencies and will substantially complete with the 2010 budget.

Investment in Information Technology Capital Projects

The 2010 Executive Proposed Budget for Physical Environment capital project proposals includes ten Information Technology projects for a total of \$13,761,178.

Agency	Project	2010 Executive Proposed*
DDES	Permit Integration	\$ 1,646,467
DNRP: WTD	Mainsaver Conversion to ABT	\$ 100,000
DNRP: WTD	PRISM Conversion to ABT	\$ 1,200,000
DOT: Airport	Maximo Upgrade	\$ 261,840
DOT: Roads	Roads Comprehensive Asset and Maintenance Management (RCAMM)	\$ 654,600
DOT: Transit	On Board Systems	\$ 799,228
DOT: Transit	Real Time Information Signs	\$ 334,597
DOT: Transit	Rider Information Systems	\$ 595,849
DOT: Transit	Dwell Time Reduction	\$ 5,503,842
DOT: Transit	Regional Fare Coordination Enhancements	\$ 2,664,755
Total		\$ 13,761,178

* For DOT Projects, total is for 2010 / 2011 Biennium